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State of Connecticut

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**Testimony Before the Insurance and Real Estate Committee
Public Health Committee
Human Services Committee
State Comptroller Nancy Wyman
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Good morning Chairman Crisco, Chairman Fontana, Senator Caligiuri, Representative D'Amelio and distinguished members of the Insurance and Real Estate Committee, Chairman Doyle, Chairman Walker, Senator Kane, Representative Gibbons and distinguished members of the Human Services Committee and Chairman Harris, Chairman Ritter, Senator Debicella, Representative Giegler and distinguished members of the Public Health Committee. I am State Comptroller Nancy Wyman and I would like to thank you for the opportunity to testify before the Joint Committees on several initiatives.

As you our legislative leaders continue the necessary debate on healthcare reform, I am encouraged by the wealth of innovative ideas and practical solutions being generated around this complex issue. The thoughtful dialogue that is now occurring, both here in Connecticut and in the halls of Congress, demonstrates the pressing need to transform our healthcare system at a time when so many are facing economic uncertainty.

Each of us is aware of the enormity of this mounting problem. There are 46 million citizens uninsured in America. More than 8.6 million of those that go without are children, mostly from working, low-income families. The enormous expense of this broken system is a staggering \$2.3 trillion per year and threatens to have serious long term negative impacts on our economy.

The costs are already measured in more than dollars and cents—a study out earlier this year reported that the lack of health insurance results in a loss of three lives each week in Connecticut alone. The serious, life threatening nature of this issue has led a new survey to conclude that 82% of Americans want sweeping and fundamental reform.

Elected officials grasp the significance of the problem and have offered numerous legislative initiatives to secure coverage for individuals unable to afford care.

I would like to take the opportunity to comment on **House Bill 6582, "An Act Establishing the Connecticut Healthcare Partnership."** As many of you know, I have been a support of purchasing health insurance through pools that allow smaller employers to achieve the advantages that large employers have of spreading their health care

experience over a larger pool and thereby lowering the cost of providing coverage for their employees.

I have been a proponent of the Municipal Employees Health Insurance Plan which was originally enacted to leverage the purchasing power of the State to negotiate more favorable rates for municipalities. Over the years the MEHIP program has been expanded to include not for profit organizations and small employers. Most recently we have worked on an initiative to allow our municipalities to join together and purchase insurance through a self-funded pool that we call Enhanced MEHIP. The Enhanced MEHIP program offers a standard set of benefit plans for a municipality to offer and would permit municipalities to pool their risk within a larger pool in order to achieve savings.

In addition, in 2006 and 2007 I worked with the Chairman of the Finance and Appropriations Committee on proposed legislation that would have created a self-funded municipal health insurance purchasing pool in order to provide property tax relief to our cities and towns.

I am in agreement with the concept of the Healthcare Partnership, but I have a number of concerns as it is currently written, however, I have been working with the Speaker of the House to craft substitute language that could make this a viable workable program for the State and for our cities and towns. I am in favor of a self-funded pool that brings together the state employee plan and municipal employees. I will note that the state employee plan is currently a fully insured plan as a result of a collective bargaining agreement with SEBAC (State Employee Bargaining Coalition) and that aspect needs to be addressed in order for this program to move forward.

In discussions with the Speaker, the substitute language will no longer include small businesses and not for profit organizations, but pools together employers and employees with a similar risk profile in terms of employee populations and work environment. It makes the partnership a permissive subject of bargaining for the municipality and provides a mechanism through an actuarial review to assess the risk of accepting a portion of a town's employees as bargaining units merge into the plan and permits the Comptroller to deny participation if such a group results in a shift of disproportionate risk to the plan. Lastly, the language would permit us to adequately provide for a reserve fund that will protect cities and towns from claims fluctuations that could result in mid-year assessment of additional premiums.

I look forward to continuing to work with the Speaker and the Chairmen of the Insurance Committee to make this legislation and this program a viable alternative to help our cities and towns lower the cost of providing health care to their employees and therefore protect their budgets from skyrocketing health insurance premiums they have and are experiencing.

I would also like to comment on **House Bill 6600, "An Act Concerning the Establishment of the Sustinet Plan."** This legislation brings forth some very good ideas regarding moving our healthcare system forward on a path toward better outcomes.

The Sustinent Plan provides for the creation of a model for the use of medical homes for coordinating patient care and developing a system for electronic medical records. These are two concepts that my office is working on with our state employee and retiree health plans.

I do want to note a number of concerns that I have with this proposal. The bill provides for the creation of a separate, non-lapsing account within the general fund and provides that any investment income from those funds would remain within the restricted account and not be credited to the general funds. I note this because during this current fiscal climate, the Legislature needs to be cognizant of the impact to the State in terms of lost revenue to the general fund. In addition, it would appear that the Office of the State Comptroller would be subordinate to a quasi-public entity with respect to matters that are within the scope of the office.

I would also ask that as you consider this legislation that you assess the full impact on the State and our municipalities, such as the collective bargaining rights of municipalities that have not been addressed. Lastly, the economic downturn has forced businesses and government alike to look at how we do business and whether or not we are operating in the most effective and efficient manner. We need to be mindful that we do not create redundant layers government when we could be focusing on better coordinating the resources that we currently have.

I would also like to comment on **House Bill 1048, "An Act Concerning Bulk Purchasing of Prescription Drugs."** I applaud the Chairs of the Public Health Committee for attempting to tackle an issue that faces so many Connecticut families. This legislation requires the Commissioners of Public Health and Social Services and the Comptroller to develop a plan to combine the purchasing powers of certain state-sponsored prescription drug programs to lower the ever increasing cost of medication to those populations.

Unfortunately, there are a number of barriers that prevent the merging of Medicaid and Non-Medicaid populations. I welcome the opportunity to work with the Chairs to study the impact of combining the Non-Medicaid groups, such as inmates in our correctional facilities, ConnPACE and Charter Oak, with the state employee plan to find savings in greater purchasing power.

As we embrace a new administration and new Congress I am hopeful that our government's willingness to make health care a top priority will result in reform that addresses the pressing needs of our population. All of us understand that our nation's healthcare dilemma will most certainly be costlier if we do not act with bold ideas now.

Thank you for the opportunity to comment on these proposals.

